

Legislative Analysis



TAXATION OF WIND TOWER PROPERTY

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House Bill 4521

Sponsor: Rep. Mark Meadows

Committee: Energy and Technology

Complete to 3-16-09

A SUMMARY OF HOUSE BILL 4521 AS INTRODUCED 3-10-09

Public Act 633 of 2006 amended the General Property Tax Act (MCL 211.8) to classify a *wind energy system* as personal property for taxes levied after December 31, 2005. The aim was to make wind energy systems eligible for a tax exemption available through 2012 for alternative energy personal property under Public Act 549 of 2002 (MCL 211.9i).

Alternative energy personal property is defined so as to include "an "alternative energy system" under the Michigan Next Energy Act. Under that act, such property includes a number of systems, including a "wind energy system" (MCL 207.822(c)(iv)). A "wind energy system" under both the General Property Tax Act and the Next Energy Act means "an integrated unit consisting of a wind turbine composed of a rotor, an electrical generator, a control system, an inverter or other power conditioning unit, and a tower, that uses moving air to produce power." (MCL 211.8(l) & MCL 207.822(ff))

House Bill 4521 would amend the General Property Tax Act to specify that a "wind energy system" (1) also includes any *foundation, easement, or right of way associated with a tower*; (2) is an alternative energy system; and (3) is exempt from the collection of property taxes as provided in Section 9i (MCL 211.9i).

FISCAL IMPACT:

The bill would broaden the exemption from personal property taxes extended to wind energy systems. Although the fiscal impact cannot be determined because the amount of property that would qualify is not known, state government would lose the 6-mill State Education Tax (SET) levy, local schools would lose the 18-mill non-homestead levy earmarked for local education, and local units of government (including counties) could lose operating, police, fire, etc. revenues. Because the School Aid Fund (SAF) provides the difference between the amount of revenue collected for schools and the foundation allowance, the SAF would have to offset the loss of local education revenue.

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